

# Senate File 2052 - Introduced

SENATE FILE 2052

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## A BILL FOR

1 An Act providing for tax credits and refunds relating to  
2 renewable fuels including their component biofuels and  
3 including effective date and retroactive applicability  
4 provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

2 INCOME TAX — E-15 PLUS GASOLINE PROMOTION TAX CREDIT

3 Section 1. Section 422.11Y, subsection 9, Code 2016, is  
4 amended to read as follows:

5 9. This section is repealed on January 1, ~~2018~~ 2025.

6 Sec. 2. Section 422.33, subsection 11D, paragraph c, Code  
7 2016, is amended to read as follows:

8 c. This subsection is repealed on January 1, ~~2018~~ 2025.

9 Sec. 3. 2011 Iowa Acts, chapter 113, section 37, is amended  
10 to read as follows:

11 SEC. 37. TAX CREDIT AVAILABILITY. For a retail dealer who  
12 may claim an E-15 plus gasoline promotion tax credit under  
13 section 422.11Y or 422.33, subsection 11D, as enacted in this  
14 Act and amended in subsequent Acts, in calendar year ~~2017~~  
15 2024, and whose tax year ends prior to December 31, ~~2017~~ 2024,  
16 the retail dealer may continue to claim the tax credit in the  
17 retail dealer's following tax year. In that case, the tax  
18 credit shall be calculated in the same manner as provided in  
19 section 422.11Y or 422.33, subsection 11D, as enacted in this  
20 Act and amended in subsequent Acts, for the remaining period  
21 beginning on the first day of the retail dealer's new tax year  
22 until December 31, ~~2017~~ 2024. For that remaining period, the  
23 tax credit shall be calculated in the same manner as a retail  
24 dealer whose tax year began on the previous January 1 and who  
25 is calculating the tax credit on December 31, ~~2017~~ 2024.

26 DIVISION II

27 INCOME TAX — E-85 GASOLINE PROMOTION TAX CREDIT

28 Sec. 4. Section 422.110, subsection 8, Code 2016, is amended  
29 to read as follows:

30 8. This section is repealed on January 1, ~~2018~~ 2025.

31 Sec. 5. Section 422.33, subsection 11B, paragraph c, Code  
32 2016, is amended to read as follows:

33 c. This subsection is repealed on January 1, ~~2018~~ 2025.

34 Sec. 6. 2006 Iowa Acts, chapter 1142, section 49, subsection  
35 3, as amended by 2011 Iowa Acts, chapter 113, section 20, is

1 amended to read as follows:

2 3. For a retail dealer who may claim an E-85 gasoline  
 3 promotion tax credit under [section 422.110](#) or 422.33,  
 4 subsection 11B, as enacted in this Act and amended in  
 5 subsequent Acts, in calendar year ~~2017~~ 2024 and whose tax  
 6 year ends prior to December 31, ~~2017~~ 2024, the retail dealer  
 7 may continue to claim the tax credit in the retail dealer's  
 8 following tax year. In that case, the tax credit shall be  
 9 calculated in the same manner as provided in [section 422.110](#)  
 10 or [422.33, subsection 11B](#), as enacted in this Act and amended  
 11 in subsequent Acts, for the remaining period beginning on the  
 12 first day of the retail dealer's new tax year until December  
 13 31, ~~2017~~ 2024. For that remaining period, the tax credit shall  
 14 be calculated in the same manner as a retail dealer whose tax  
 15 year began on the previous January 1 and who is calculating the  
 16 tax credit on December 31, ~~2017~~ 2024.

#### 17 DIVISION III

#### 18 INCOME TAX — BIODIESEL BLENDED FUEL TAX CREDIT

19 Sec. 7. Section 422.11P, subsections 4 and 8, Code 2016, are  
 20 amended to read as follows:

21 4. For a retail dealer whose tax year is on a calendar year  
 22 basis, the retail dealer shall calculate the amount of the tax  
 23 credit by multiplying a designated rate by the retail dealer's  
 24 total biodiesel blended fuel gallonage as provided in section  
 25 452A.31 which qualifies under [this subsection](#).

26 ~~a. In calendar year 2012, in~~ In order to qualify for the tax  
 27 credit, the biodiesel blended fuel must be classified as B-2  
 28 B-5 or higher.

29 ~~(1) For biodiesel blended fuel classified as B-2 or higher~~  
 30 ~~but not as high as B-5, the designated rate is two cents.~~

31 ~~(2) b. (1)~~ b. (1) For biodiesel blended fuel classified as B-5  
 32 or higher but not as high as B-11, the designated rate is four  
 33 and one-half cents.

34 ~~b. (2) In calendar year 2013 and for each subsequent~~  
 35 ~~calendar year, in order to qualify for the tax credit, the~~

1 For biodiesel blended fuel ~~must be~~ classified as ~~B-5~~ B-11 or  
2 higher. ~~The, the~~ designated rate for the ~~qualifying biodiesel~~  
3 ~~blended fuel~~ is ~~four and one-half~~ seven cents.

4 8. This section is repealed January 1, ~~2018~~ 2025.

5 Sec. 8. Section 422.33, subsection 11C, paragraph c, Code  
6 2016, is amended to read as follows:

7 c. This subsection is repealed on January 1, ~~2018~~ 2025.

8 Sec. 9. 2011 Iowa Acts, chapter 113, section 31, is amended  
9 to read as follows:

10 SEC. 31. TAX CREDIT AVAILABILITY. For a retail dealer  
11 who may claim a biodiesel blended fuel promotion tax credit  
12 under section 422.11P or 422.33, subsection 11C, as amended  
13 in this Act and amended in subsequent Acts, in calendar year  
14 ~~2017~~ 2024, and whose tax year ends prior to December 31, ~~2017~~  
15 2024, the retail dealer may continue to claim the tax credit in  
16 the retail dealer's following tax year. In that case, the tax  
17 credit shall be calculated in the same manner as provided in  
18 section 422.11P or 422.33, subsection 11C, as amended in this  
19 Act and amended in subsequent Acts, for the remaining period  
20 beginning on the first day of the retail dealer's new tax year  
21 until December 31, ~~2017~~ 2024. For that remaining period, the  
22 tax credit shall be calculated in the same manner as a retail  
23 dealer whose tax year began on the previous January 1 and who  
24 is calculating the tax credit on December 31, ~~2017~~ 2024.

25 Sec. 10. EFFECTIVE UPON ENACTMENT. This division of this  
26 Act, being deemed of immediate importance, takes effect upon  
27 enactment.

28 Sec. 11. RETROACTIVE APPLICABILITY. Section 422.11P,  
29 as amended in this division of this Act, and section 422.33,  
30 subsection 11C, as amended in this division of this Act and  
31 applied due to this division of this Act, apply retroactively  
32 to tax years beginning on and after January 1, 2016.

33 DIVISION IV

34 SALES AND USE TAX — BIODIESEL PRODUCTION REFUND

35 Sec. 12. Section 423.4, subsection 9, paragraph e, Code

1 2016, is amended to read as follows:

2 e. This subsection is repealed on January 1, 2018 2025.

3 DIVISION V

4 FUTURE REPEALS

5 Sec. 13. Section 422.110, subsection 5, Code 2016, is  
6 amended to read as follows:

7 5. ~~a.~~ A retail dealer is eligible to claim an E-85 gasoline  
8 promotion tax credit as provided in this section even though  
9 the retail dealer claims ~~one or all of the following related~~  
10 ~~tax credits:~~

11 ~~(1) The ethanol promotion tax credit pursuant to section~~  
12 ~~422.11N.~~

13 ~~(2) The an E-15 plus gasoline promotion tax credit pursuant~~  
14 ~~to section 422.11Y.~~

15 ~~b. (1) The retail dealer may claim the E-85 gasoline~~  
16 ~~promotion tax credit and one or more of the related tax credits~~  
17 ~~as provided in paragraph "a" for the same tax year.~~

18 ~~(2) The retail dealer may claim the ethanol promotion~~  
19 ~~tax credit as provided in paragraph "a" for the same ethanol~~  
20 ~~gallongage used to calculate and claim the E-85 gasoline~~  
21 ~~promotion tax credit.~~

22 Sec. 14. Section 422.11Y, subsection 6, Code 2016, is  
23 amended to read as follows:

24 6. ~~a.~~ A retail dealer is eligible to claim an E-15 plus  
25 gasoline promotion tax credit as provided in this section even  
26 though the retail dealer claims ~~one or all of the following~~  
27 ~~related tax credits:~~

28 ~~(1) The ethanol promotion tax credit pursuant to section~~  
29 ~~422.11N.~~

30 ~~(2) The an E-85 gasoline promotion tax credit pursuant to~~  
31 ~~section 422.110.~~

32 ~~b. (1) The retail dealer may claim the E-15 plus gasoline~~  
33 ~~promotion tax credit and one or more of the related tax credits~~  
34 ~~as provided in paragraph "a" for the same tax year.~~

35 ~~(2) The retail dealer may claim the ethanol promotion~~

~~1 tax credit as provided in paragraph "a" for the same ethanol~~  
~~2 gallonage used to calculate and claim the E-15 plus gasoline~~  
~~3 promotion tax credit.~~

4       Sec. 15. REPEAL. Any intervening provision effective prior  
5 to the effective date of this division of this Act that amends  
6 section 422.110, subsection 5, or section 422.11Y, subsection  
7 6, as amended in this division of this Act, is repealed, unless  
8 that Act or another Act specifically provides otherwise.

9       Sec. 16. EFFECTIVE DATE. This division of this Act takes  
10 effect January 1, 2021.

### EXPLANATION

12 The inclusion of this explanation does not constitute agreement with  
13 the explanation's substance by the members of the general assembly.

14 BIOFUELS TAX CREDIT AND REFUND EXTENSIONS. This bill  
15 extends the expiration date of four biofuel tax programs from  
16 January 1, 2018, to January 1, 2025, including three income tax  
17 credits and one sales and use tax refund.

18 BIODIESEL FUEL TAX CREDIT — INCREASED TAX CREDIT RATE FOR  
19 B-11 OR HIGHER. The bill increases the designated tax credit  
20 rate for the sale of biodiesel blended fuel classified as  
21 B-11 or higher from 4.5 to 7 cents per gallon, retroactively  
22 applicable to tax years beginning on or after January 1, 2016.

23 BACKGROUND. A biofuel is a substance blended with motor fuel  
24 (gasoline or diesel fuel) and includes either ethanol (ethyl  
25 alcohol) or biodiesel (a substance derived from vegetable  
26 oils or animal fats) meeting state standards (Code section  
27 214A.2). A motor fuel blended with a biofuel is referred to  
28 as a renewable fuel. The amount of the tax credit or refund  
29 is claimed by a taxpayer on a tax or calendar year basis after  
30 multiplying the total gallonage of a qualifying renewable fuel  
31 or biofuel times a designated monetary rate.

32 CURRENT INCOME TAX CREDITS. The income tax credits may  
33 be claimed by a retail dealer operating a retail motor fuel  
34 site and the amount of each tax credit is based on the total  
35 number of gallons of a renewable fuel sold. The E-15 plus

1 gasoline promotion tax credit requires an ethanol content of  
2 between 15 and 69 percent per gallon and the designated rate  
3 equals 3 cents except between June 1 and September 15 when  
4 the designated rate increases to 10 cents. The E-85 gasoline  
5 promotion tax credit requires an ethanol content of between  
6 70 and 85 percent per gallon and the designated rate equals  
7 16 cents. The biodiesel blended fuel tax credit requires a  
8 biodiesel content of at least 5 percent per gallon (B-5) and  
9 the designated rate equals 4.5 cents.

10 SALES AND USE TAX REFUND. The sales and use tax refund may  
11 be claimed by a biodiesel producer who manufactures biodiesel  
12 for use in biodiesel blended fuel. The amount of the refund  
13 equals the total number of gallons of biodiesel produced during  
14 each calendar year quarter multiplied by a designated rate  
15 of 2 cents. However, a producer cannot claim the refund on  
16 more than 25 million gallons produced at any one manufacturing  
17 facility.

18 FUTURE REPEAL OF REFERENCES TO THE ETHANOL PROMOTION TAX  
19 CREDIT. The bill amends Code sections creating the E-85  
20 gasoline promotion tax credit and the E-15 plus gasoline  
21 promotion tax credit by repealing references to another tax  
22 credit referred to as the ethanol promotion tax credit claimed  
23 by a retail dealer who attains a certain threshold number of  
24 all biofuels sold during a determination period and which is  
25 based on the number of gallons of pure ethanol sold during that  
26 period. The amendments become effective on January 1, 2021,  
27 which is the date that the ethanol promotion tax credit is due  
28 to expire.